Office Supreme Court, U.S.
FILED
MAY 22 1964
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. 1034

AXEL HARALD HOLSTENSSON AND GLENVILLE INDUSTRIES, INC.,

Petitioners,

vs.

V-M CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

BRIEF FOR RESPONDENT IN OPPOSITION.

JOHN A. DIENNER,
EDWARD C. GRELLE,
53 W. Jackson Blvd.,
Chicago, Illinois,
JOSEPH D. HARTWIG,
203 State Bank Bldg.,
Benton Harbor, Michigan,
Attorneys for Respondent.

THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

INDEX.

	PAGE
Opinions Below	1
Statutes and Treaty Involved	1
Jurisdiction	2
Conflicting Decisions	2
Alleged Conflict With a Treaty Between Sweden and the United States	3
Alleged Conflict With Requirement by United States Patent Office Which Patentees Were Forced to Accept	4
Questions Presented	5
Petitioners' Statement	6
Alleged Reasons for Granting the Writ	11
Conclusion	15

Table of Cases.

Axel Harald Holstensson et al. v. V-M Corporation, 198 F. Supp. 779 (D.C.W.D. Mich. S.D.)	1, 10
Axel Harald Holstensson et al. v. V-M Corporation, 325 F. (2d) 109 (C.A. 6th)	1, 2, 5, 7, 9
Bassick Mfg. Co. v. R. M. Hollingshead Co., 398 U. S. 415	11, 13, 14
Evans v. Eatons, 20 U. S. 356	11
Graver Mfg. Co. v. Linde Co., 336 U. S. 271	7
Holstensson v. Webcor Inc., 150 F. Supp. 441 (N. D. Ill. E. D.)	2, 12
Hyster Company v. Hunt Foods, Inc., 263 F. (2d) 130 (C. A. 7th)	11

Karl Zysset et al. v. Popeil Brothers, Inc., 276 F. (2d) 354 and 318 F. (2d) 701 (C. A. 7th) 3, 11

Lincoln Engineering Co. v. Stewart-Warner Corp., 303 U. S. 545 ..... 3, 5, 11, 12, 13

Morton Salt Co. v. Suppiger Co., 314 U. S. 488 9

Precision Co. v. Automotive Co., 324 U. S. 806 7

Rudolph v. United States, 370 U. S. 269 10

Sears Roebuck & Co. v. Stiffel Co., 84 Su. Ct. 784 8

United Shoe Machinery Corp. v. Williams Mfg. Co., 29 F. Supp. 1915 (D.C.S.D. Ohio W.D.) 13

Williams Manufacturing Co. v. United Shoe Machinery Co., 316 U. S. 364 ..... 13, 14

Williams Manufacturing Co. v. United Shoe Machinery Co., 121 F. (2d) 273 (C.C.A. 6th) 13

CONSTITUTION.

Article 1, § 8, clause 8 ..... 7, 8

STATUTE.

35 U.S.C. 112 (Sec. 33 prior to 1953) 1, 5, 6

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. 1034

AXEL HARALD HOLSTENSSON AND GLENVIELE INDUSTRIES, INC.,

Petitioners,

vs.

V-M CORPORATION;

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT.

BRIEF FOR RESPONDENT IN OPPOSITION.

OPINIONS BELOW.

The opinion of the District Court is reported at 198 F. Supp. 779. The opinion of the Court of Appeals for the Sixth Circuit is reported at 325 F. (2d) 109 (incorrectly cited as 325 F. (2d) 234 in Petition).

STATUTES AND TREATY INVOLVED.

The decision of the Court of Appeals holding the patent invalid is based on the failure of the patentee to comply with Sec. 112 (Sec. 33 prior to 1953) of U. S. C. Title 35. Petitioners do not refer to this section of the statute.

The sections of the Patent Statutes and the International Convention referred to by them are irrelevant and immaterial. The reference to them is pointless.

JURISDICTION.

The jurisdictional requisites are adequately set forth in the Petition.

CONFLICTING DECISIONS.

The decision of the Court of Appeals is not in conflict with any other decision and is in conformity with numerous decisions by this Court and many Courts of Appeal, as will be pointed out more fully hereinafter. Petitioners assert that the District Court of Illinois in *Holstensson* v. *Webcor, Inc.*, held that the same claim here involved was valid and infringed; and in so doing a contrary interpretation of the same point of law was rendered". The incorrectness of this assertion is pointed out in the opinion of the Court of Appeals in this case as follows:

> "We are aware that the plaintiff here successfully defended the validity of the patent in suit in the case of *Holstensson* v. *Webcor, Inc.*, 150 F. Supp. 441, 112 USPQ 463 (N. D. Ill. 1957). The able opinion of Judge Perry in that case does not, however, disclose that the legal questions upon which our decision turns were raised or considered in that case."

An examination of the opinion of Judge Perry confirms this. The patent in suit expired July 28, 1959 so the question of validity or invalidity of the patent is immaterial, as far as the public is concerned. The District Court's decision by Judge Perry does not constitute a conflict of decisions between two courts of appeal (Rule 19, 1. (b).)

Petitioners also allege that there is a conflict with the decision of the Court of Appeals for the Seventh Circuit

in *Karl Zyssel et al. v. Popeil Brothers, Inc.*, 276 F. (2d) 354, 318 F. (2d) 701. There is no conflict, since in that case the facts are entirely different and the court did not pass on the legal proposition which determined the invalidity of the patent here in suit.

That legal proposition is set forth in the opinion of the Court of Appeals for the Sixth Circuit as follows:

> "Does the improvement of one part of an old combination give the right to claim, in a patent, that improvement in combination with other old parts which perform no new function in the combination?" 325 F. (2d) 234 at 111 (p. 22 of App. to Petition.)

That legal proposition was set forth by this Court in *Lincoln Engineering Co. v. Stewart-Warner Corp.*, 303 U. S. 545 at page 549 and this Court answered it in the negative. The Court of Appeals for the Sixth Circuit in the present case followed the decision of this Court in the *Lincoln Engineering* case and likewise answered that proposition of law in the negative. It held the claim in suit invalid because the improvement was in the spindle and that improvement was claimed in combination with other old parts of a record-changer which performed no new function in the combination, which was old.

ALLEGED CONFLICT WITH A TREATY BETWEEN SWEDEN AND THE UNITED STATES

The alleged conflict with a treaty between Sweden and the United States is a misrepresentation. The decision has nothing to do with the rights which the inventor or inventors had under the International Convention to take out a patent on an invention, or in regard to the formalities to be observed in doing so. The point which the Court makes is the recognition by the Swedish inventors that the spindle was a separate invention. They took a separate patent 97,123 on it and took a separate patent 97,122 on

the machine for playing records of different sizes. This matter of recognizing the spindle as a separate invention has nothing to do with any Treaty or with Swedish law. The issuance of the Swedish patent 97,123 on the spindle and its accessories is an evidentiary fact establishing that the Swedish inventors recognized the spindle as a separate invention from the rest of the talking machine. In further evidence of the separate invention, ascribed in the Swedish patent 97,123 to Arvidius alone, the Court in the present case questions whether A. H. Hoistensson was jointly an inventor with Arvidius, so fars as concerns the spindle.

ALLEGED CONFLICT WITH REQUIREMENT BY UNITED STATES PATENT OFFICE WHICH PATENTEES WERE FORCED TO ACCEPT.

Petitioners' assertion that the invalid claim is due to the requirement of the Patent Office which the patentees were forced to accept, is completely false. The Patent Office required the patentees to amend Claim 27, which became Claim 1 of the patent in suit. Claim 27 was invalid because of overclaiming when presented, but it did so in indefinite and functional terms. The Patent Office required these indefinite and functional terms to be corrected to recite structure. It did not cure the fault of the original claim of overclaiming, but merely made the terms of the claim more definite. That the Patent Office grants patents with claims on the spindle is shown by United States Letters Patent No. 2,523,045 covering defendant's improvement in its spindle. (Def's Ex. 54, p. 142a Brief and Appendix for Defendant-Appellant).

The Patent Examiner is not the one who lays down the law. He is merely an administrative officer whose duty it is to see, as far as he can, that the application when ready to be issued as a patent, complies with the law. If he imposes a requirement which is contrary to the law, the

applicant has his remedy by way of appeal. Applicant did not exhaust his remedy in the present case, if he had any basis for complaining.

There have been thousands of decisions holding patents invalid. In every such decision there was a conflict between the decision of the Court and the decision of the Patent Office.

QUESTIONS PRESENTED

The questions presented in the Petition are irrelevant and immaterial. The decision of the Court of Appeals depends on the answer to the question on which Respondent based its appeal, namely:

> "Does the improvement of one part of an old combination give the right to claim, in a patent, that improvement in combination with other old parts which perform no new function in the combination?" (See opinion 325 F. (2d) 234 at 111, p. 22 of App. to Petition.)

This question was answered in the negative by the Court of Appeals in the case at bar and by this Court in the *Lincoln Engineering* case as heretofore pointed out. The negative answer to this question is required by 35 U. S. C. 33 (now 112).

As pointed out in the opinion in this case, footnote 4, 325 F. (2d) 109 at 124 (p. 45 App. to Petition) the language of the Act in force at the time of the issuance of the patent in suit required that the applicant for a patent so describe his invention "so as to distinguish it from other inventions, and he shall particularly point out and distinctly claim the part, the improvement or combination which he claims as his invention or discovery."

Petitioners do not refer to the above mentioned question which is the basis of the decision and likewise do not refer to 35 U. S. C. 33 (now 112) which requires the

negative answer to the question. Since this Court will consider only the questions set forth in the Petition or fairly comprised therein (Rule 23, 1(c)) the Petition lacks any basis for consideration by this Court.

Question 1 set forth in the Petition is not involved in the decision in this case.

Question 2 states "When the Constitutional and Statutory tests for invention have been met, as here found by the Sixth Circuit Court of Appeals" etc. This is clearly incorrect. The Court of Appeals expressly held that the patentees did not comply with 35 U. S. C. 112 (formerly 35 U. S. C. 33).

Question 3 states "May a United States Court disregard the provisions of a treaty which the United States has with Sweden" etc. As heretofore pointed out, this case and the decision have nothing to do with any treaties.

Question 4 states, "Was the Constitution and Statutory standard for patentable invention as established by this Court met and satisfied by Claim 1" etc. This question has nothing to do with compliance with 35 USC 112. It is a requirement of a valid patent but it is in addition to complying with 35 USC 112.

Question 5 is not involved in this case.

PETITIONERS' STATEMENT

Under this heading in the Petition there are many misstatements, but we will refer to only a few. On page 6, petitioners refer to the defense upon which the Court of Appeals held the claim invalid as a "technical defense" and on page 4 as a "legal technicality." On page 20 they state, "This is contrary to all principles of equity, and to the concept that in a Court of Equity, justice should be done."

The Court based its decision of invalidity on the failure

to comply with 35 U. S. C. 33 (now 112). We submit that failure to comply with the requirements of the Patent Laws is *not* a "technical defense" or a "legal technicality", it goes to the very heart of the patentee's right. Without the statute there would be no patent monopoly. As pointed out in the opinion of the Court of Appeals,

> "there is no natural or common law right to a monopoly of an invention. Robinson Treatise on the Law of Patents (1890) § 24. By Constitutional grant, Article 1, § 8, Clause 8, Congress has power to give inventors, for a limited time, 'the exclusive right to their respective discoveries.' Applicants for such monopolies must comply with the requirements that Congress insists be met as a condition to exercising such monopoly."

As stated by this Court in *Graver Mfg. Co.* v. *Linde Co.*, 336 U. S. 271 at 275,

> "—the ultimate question of patentability is one of meeting the requirements of the statute—."

A patent is "a special privilege" and "is an exception to the general rule against monopolies." *Precision Co.* v. *Automotive Co.*, 324 U. S. 806 at 815, 816. The patentee cannot have a valid patent monopoly without complying with the statutes and the defense of failure to comply with the patent statutes is not a "technical defense."

Petitioners urge that the decision in the case at bar is "contrary to all principles of equity." The decision is based on the failure of the patentees to comply with the Patent Laws. If petitioners are urging that a *court* of equity should enforce a patent monopoly even though the Patent Laws have not been strictly complied with, we wish to point out that such a decision would be unconstitutional.

The Constitution, Article I, § 8 Clause 8 provides that *Congress* shall have the power to provide for the issuance of patents. This power is granted exclusively to *Congress*

under the express provisions of the Constitution. Congress has exercised this power by enacting the Patent Laws which must be strictly complied with in order to obtain a patent monopoly. Any grant of a patent monopoly by a *court of equity* where the Patent Laws have not been complied with, would be unconstitutional.

As stated by this Court in *Sears Roebuck & Co. v. Stiffel Co.*, 84 Su. Ct. 784 at 787,

> "Before the Constitution was adopted, some States had granted patent either by special act or by general statute, but when the Constitution was adopted provision for a federal patent law was made one of the enumerated powers of Congress because, as Madison put it in The Federalist No. 43, the States 'cannot make effectual provision' for either patents or copyrights. That constitutional provision is Art. 1, § 8, Cl. 8, which empowers Congress 'To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.' Pursuant to this constitutional authority, Congress in 1790 enacted the first federal patent and copyright law, 1 Stat. 109, and ever since that time has fixed the conditions upon which patents and copyrights shall be granted, see 17 USC §§ 1-215; 35 USC §§ 1-293. These laws, like other laws of the United States enacted pursuant to constitutional authority, are the supreme law of the land."

and at 788,

> "—The grant of a patent is the grant of a statutory monopoly; indeed, the grant of patents in England was an explicit exception of the statute of James I prohibiting monopolies."
>
> "—But in rewarding useful invention, the 'rights and welfare of the community must be fairly dealt with and effectually guarded.' *Kendall v. Winsor*, 21 How. 322, 392, (1859). To that end the prerequisites to obtaining a patent are strictly observed, and when the patent has issued the limitations on its exercise are equally strictly enforced."

Since Petitioners have referred to the equities, we wish to point out that the equities in this case are in favor of the Respondent and against the Petitioners. As pointed out in the opinion of the Court of Appeal, at page 51 of the Appendix to Petition, it would have been simple to have included a claim on the spindle by itself. Petitioners did not do so because of greed. They wanted to base the royalty in the licenses on the sale price of the record changer, rather than on the sale price of the spindle. It is well known that when a manufacturer is obliged to pay a royalty under a patent the public eventually pays by reason of a higher price. It would have been easy for Respondent to take a license and force the public to pay the royalty. Respondent did not consider it fair to the public to pass along this unjustifiable royalty and consequently Respondent refused to take a license.

Where a patentee claims more than his invention he is attempting to obtain a patent monopoly for more than his invention. This is against public policy. It is similar to a tying-in clause in a license agreement, where the patentee attempts to extend his monopoly to include unpatented materials outside of his invention.

As stated by this Court in *Morton Salt Co. v. Suppiger Co.*, 314 U. S. 488 at 492.

> "But the public policy which includes inventions within the granted monopoly excludes from it all that is not embraced in the invention."

On page 6, Petitioners assert, "The combination, as a whole was new—." The Court of Appeals expressly held that the combination was old and so did the District Court as pointed out in the opinion of the Court of Appeals (p. 37 of App. to Petition).

Petitioners attempt to create the impression that patentees' improvement was more than the spindle, is not

supported by the facts and is contrary to the findings of both the District Court and the Court of Appeals. The opinion of the Court of Appeals points out very carefully that the evidence establishes that the improvement was in the spindle and not in the combination. All that the patentees did was take the prior art record changer of Arvidius Reissue patent No. 20,819 and substitute the spindle record feeder for the pusher blades record feeder. As pointed out by the court this merely involved attaching the lever in the spindle to the link which previously operated the pusher blades (See p. 25 of Petition).

Petitioners contentions that these findings of fact by the lower courts are wrong and should be reviewed by this Court, show that they are seeking a review of the facts and not the law applied by the Court of Appeals. As pointed out by this Court in *Rudolph v. United States*, 370 U. S. 269 at 270, since a review of a factual matter "would be of no importance save to the litigants themselves", it is appropriate to dismiss the writ. This is especially true in the case at bar, as the patent expired July 28, 1959.

Respondent did not make and sell the spindle shown in the patent in suit. It developed its own spindle and obtained a patent on its invention, Miller patent No. 2,523,045, issued September 19, 1950. The District Court held,

> "At the outset it is quite obvious that the defendant's device and the Miller patent are a substantial improvement upon the device described in the Holstensson patent.— 'The fact that the device used by the defendant and described in the Miller patent is more effective, is probably more efficient, and unquestionably more satisfactory in use does not detract from the fact that it is an adaptation of the mechanical device described in the Holstensson patent." (109 F. Supp. 779 at 783).

It was not necessary to appeal from the holding of infringement by the District Court because, if the patent in suit is invalid, as has been held by the Court of Appeals, then the issue of infringement is moot, since you cannot infringe an invalid patent. *Hyster Company* v. *Hunt Foods, Inc.*, 263 F. (2d) 130 (CA 7th) at 134.

ALLEGED REASONS FOR GRANTING THE WRIT.

On page 8 Petitioners assert that "the Court has applied a new test which is to the effect that for a combination claim to be patentable, every element must be new or perform a new function. This is not correct. The Court held that the invention was in the spindle and that the patentees claimed the entire record changer which was more than their invention. They failed to "particularly point out and distinctly claim" the invention as required by 35 USC 33 (now 112). This is not a new test. It was set forth and followed by this Court in *Evans* v. *Eatons*, 20 U. S. 356; *Lincoln Engineering Co.* v. *Stewart-Warner Corp.*, 303 U. S. 545; *Bassick Mfg. Co.* v. *R. M. Hollingshead Co.*, 398 U. S. 415 and many other cases and also by numerous Courts of Appeal decisions.

Petitioners allege on page 9, that there is a conflict between the case at bar and *Karl Zysset et al.* v. *Popeil Brothers, Inc.*, 276 F. (2d) 354 and 318 F. (2d) 701.

In the *Popeil* case there was no basis for holding that the inventor claimed more than his invention. The sinuous blade and clearing plate were disclosed in the prior art. As stated by the court in 318 F. (2d) 701 at 704,

> "'Except for disclosing a sinuous type of knife blade Wilson & McCallay is no better a prior-art reference than those originally cited, and considered and rejected, in *Zysset* v. *Popeil Brothers, Inc.*, *supra*. Its disclosure of a sinuous blade and a clearing plate is not an anticipation of the *combination* of Zysset."

The court also said at page 704,

> "It is the *combination* which was held valid and infringed—not any particular element thereof, per se."

and at page 705,

> "Defendant's contentions with respect to the disclosures of Wilson & McCallay, Galant and Hofmann are predicated upon its faulty assumption that it is one element, or something less than the whole of the combined elements, which is relied upon in Zysset to constitute patentable invention. And such is not the case."

The facts did not constitute a basis for applying the doctrine of the *Lincoln Engineering* case and other cases referred to by the court.

In the case at bar the court found that the patentees claimed more than their invention. Their invention was in the spindle only and they claimed the complete record changer. The court applied the doctrine of the *Lincoln Engineering* case and other cases and held the claim invalid. There is no conflict between the case at bar and the *Popeil* case.

On page 10, Petitioners allege that the decision in the case at bar is in conflict with the District Court decision in *Holstensson* v. *Webcor*, 150 F. Supp. 441. This District Court decision is no basis for granting certiorari, for the following reasons, heretofore explained in greater detail.

1. The legal questions upon which the decision in the case at bar turns were not raised or considered in that case.

2. The District Court decision does not constitute a conflict of decisions between two courts of appeal (Rule 19. 1. (b)).

3. The patent in suit expired July 28, 1959.

Starting on page 14, Petitioners discuss the case of

Williams Manufacturing Co. v. *United Shoe Machinery Corporation*, 316 U. S. 364. This case in the District Court involved two patents, McFeely patent No. 1,558,737 and Hoyt patent No. 1,5008,394. The District Court held both patents valid and infringed, 29 F. Supp. 1015. On appeal (121 F. (2d) 273) both patents were challenged on the doctrine of the *Lincoln Engineering* case, the *Bassick* case and other similar cases, but the court pointed to controlling differences in the two patents and sustained the McFeely patent as having a proper claim to a new combination of old elements producing a new and unobvious result, whereas, the Hoyt patent was held invalid because the improvement was in the heel band mechanism, and "it requires no reorganization of the machine nor any new mode of operation, and whatever improvement may result is due entirely to the improved element and cannot give rise to valid claims embracing the entire lasting mechanism." 121 F. (2d) 273 at 278.

The case then came up to the Supreme Court by way of certiorari, on petition by the defendant to review the decision sustaining the McFeely patent No. 1,558,737. The review was requested solely as to the McFeely patent, and the argument presented was that it also fell within the ban of the *Bassick* v. *Hollingshead* case and the *Lincoln Engineering Co.* v. *Stewart-Warner Corp.* case, 303 U. S. 545. This Court pointed out that the McFeely patent was for a combination of elements which constituted a patentable invention. This Court said on page 368:

> "In respect of each claimed combination both courts have found that they embody other improvements, in addition to mere manual preliminary adjustments, and that each combination exhibits invention in that its elements cooperate in a new and useful way to accomplish an improved result."

In answer to petitioner's contention that the claims of the McFeely patent are within the *Bassick* v. *Hollingshead* doctrine, this Court said further, p. 368:

> "We think, however, that each of the claims is confined to a combination of specified means applicable only to a restricted portion and function of the whole machine."

It is to be remembered that, in the case at bar, claim 1 in suit covers the entire record playing machine and not merely improvement in the record feeder.

The Supreme Court held that the claims of the McFeely patent were confined to a combination of specified means applicable only to a restricted portion and function of the whole machine, and that the claim was proper. The Court said, p. 370:

> "The present suit for infringement is not for the use of an automatic bed lasting and tacking machine as such. It is for the use in such a machine of improvements of certain features of the machine."

In brief, the history of the *Williams* v. *United Shoe Machinery Corp.* case demonstrates that the Supreme Court sustained a proper claim to a combination because it was limited to the improvements which the inventor had made.

The Court of Appeals had stricken the Hoyt patent which taught no more than the improvement of one element, because the patentee claimed a combination of the improvement along with old elements which contributed nothing in combination. The *Bassick* v. *Hollingshead* doctrine is in nowise "relaxed" by the decision of this Court in *Williams* v. *United Shoe Machinery* case, but is fully sustained and carefully applied to the appropriate facts.

The other decisions cited by Petitioners on pages 15 and 16 are not in point.

The treaties referred to on pages 16, 17 and 18 have

nothing to do with the case at bar. There is no question of an earlier date of invention under the treaty, because of filing an application in a foreign country.

CONCLUSION.

There is no basis for granting certiorari. The decision is not in conflict with any other decisions and is in conformity with many decisions by this Court and numerous decisions by Courts of Appeal. There is nothing in this case or in the petition which merits this Court's consideration.

The Petition for Writ of Certiorari should be denied.

Respectfully submitted.

JOHN A. DIENNER,
EDWARD C. GRELLE,
53 W. Jackson Blvd.,
Chicago, Illinois,
JOSEPH D. HARTWIG,
203 State Bank Bldg.,
Benton Harbor, Michigan,
Attorneys for Respondent.